

Wilson Voices New Concerns About TARP

WASHINGTON, D.C. - Congressman Charlie Wilson (OH-6) joined several other Members of Congress in voicing new concerns over administration of the Troubled Assets Relief Program (TARP) to Treasury Secretary Geithner. At a hearing of the Subcommittee on Housing and Community Opportunity on February 24, Congress learned that mortgage servicers, some of whom have received TARP funds, are outsourcing their loss mitigation work to foreign countries. Wilson joined his colleagues in sending a letter to Secretary Geithner stating their belief that financial institutions receiving TARP funds should be required to keep all of their loss mitigation divisions on U.S. soil, to better serve borrowers and to produce more jobs.

Wilson and his colleagues ask Secretary Geithner to take the necessary steps to ensure that any mortgage servicer receiving TARP funds maintains its loss mitigation operations here in the United States. A copy of the letter follows:

The Honorable Timothy Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Secretary Geithner:

We are deeply disappointed in the nation's mortgage servicers: they have been slow to modify loans, have not provided sufficient modifications, and are inaccessible to struggling borrowers. However, one of their worst offenses was revealed at a hearing of the House Financial Services Subcommittee on Housing and Community Opportunity. At that hearing, we learned that servicers are outsourcing their loss mitigation operations. This practice is a chief obstacle to the widespread modification of nonperforming loans. We believe that financial institutions receiving Troubled Asset Relief Program (TARP) funds should be required to keep all of their loss mitigation divisions on U.S. soil, to better serve borrowers and to produce more jobs.

On February 24th in a hearing before the Subcommittee, TARP recipient Bank of America-which has received at least \$45 billion in taxpayer funded assistance-admitted that its loss mitigation divisions are in India and Costa Rica. Ocwen Financial Corporation, another mortgage servicer testifying at the hearing, also admitted to having loss mitigation operations

offshore. Although, Ocwen has not received any TARP funds, it recently applied to become a bank holding company, a designation that would allow it to receive TARP funds.

Considering the magnitude of the economic crisis, mortgage servicers should be required to do more here at home. This means not only modifying more mortgages but making sure that the modifications themselves-- are done in the United States.

Prohibiting the outsourcing of mortgage servicing operations would help to stem the tide of job losses that have contributed to the foreclosure crisis. In January, both the number of unemployed persons and the unemployment rate increased to 11.6 million and 7.6 percent, respectively. Since the start of the recession in December 2007, job losses have totaled 3.6 million. Meanwhile, the foreclosure rate has increased, with Realty Trac reporting that in 2008, 2.3 million households were in some stage of the foreclosure process, an 81 percent increase from 2007 and a 225 percent increase from 2006.

There is a clear link between the economic crisis and the housing crisis. The banks, financial institutions, and loan originators that are responsible for the meltdown in the housing market should take responsibility by not only modifying loans but also by increasing employment opportunities here at home. We urge you to take the necessary steps to ensure that any mortgage servicer receiving TARP funds maintains its loss mitigation operations here in the United States.

Thank you in advance for your prompt and thorough attention to this matter.